

**CONFERENCE COMMITTEE REPORT
DIGEST FOR ESB 100**

Citations Affected: IC 6-3.5-6-19; IC 6-3.5-7-13.1.

Synopsis: Local option income taxes. Provides that a civil taxing unit may use the civil taxing unit's distributive share of county option income tax revenue for any lawful purpose. Provides that a county, city, or town may use county economic development income tax revenue for any lawful purpose. **(This conference committee report removes provisions allowing both Miami County and Howard County to impose an additional 0.25% county option income tax rate for the purpose of jail construction in each respective county.)**

Effective: July 1, 2005.

Adopted

Rejected

CONFERENCE COMMITTEE REPORT

MR. SPEAKER:

Your Conference Committee appointed to confer with a like committee from the Senate upon Engrossed House Amendments to Engrossed Senate Bill No. 100 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the Senate recede from its dissent from all House amendments and that the Senate now concur in all House amendments to the bill and that the bill be further amended as follows:

- 1 Delete everything after the enacting clause and insert:
- 2 SECTION 1. IC 6-3.5-6-19 IS AMENDED TO READ AS
- 3 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 19. (a) Except as
- 4 provided in sections 18(e) and 18.5(b)(3) of this chapter, in determining
- 5 the fractional share of distributive shares the civil taxing units of a
- 6 county are entitled to receive under section 18 of this chapter during a
- 7 calendar year, the department of local government finance shall
- 8 consider only property taxes imposed on tangible property subject to
- 9 assessment in that county.
- 10 (b) In determining the amount of distributive shares a civil taxing unit
- 11 is entitled to receive under section 18(g) of this chapter, the department
- 12 of local government finance shall consider only the percentage of the
- 13 civil taxing unit's budget that equals the ratio that the total assessed
- 14 valuation that lies within the civil taxing unit and the county that has
- 15 adopted the county option tax bears to the total assessed valuation that
- 16 lies within the civil taxing unit.
- 17 (c) The distributive shares to be allocated and distributed under this
- 18 chapter:
- 19 (1) shall be treated by each civil taxing unit as additional revenue
- 20 for the purpose of fixing **its the civil taxing unit's** budget for the
- 21 budget year during which the distributive shares **is are** to be
- 22 distributed to the civil taxing unit; **and**
- 23 (2) **may be used for any lawful purpose of the civil taxing unit.**

(d) In the case of a civil taxing unit that includes a consolidated city, its fiscal body may distribute any revenue it receives under this chapter to any governmental entity located in its county except an excluded city, a township, or a school corporation.

SECTION 2. IC 6-3.5-7-13.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 13.1. (a) The fiscal officer of each county, city, or town for a county in which the county economic development tax is imposed shall establish an economic development income tax fund. Except as provided in sections 23, 25, 26, and 27 of this chapter, the revenue received by a county, city, or town under this chapter shall be deposited in the unit's economic development income tax fund.

(b) Except as provided in sections 15, 23, 25, 26, and 27 of this chapter, revenues from the county economic development income tax may be used as follows:

(1) By a county, city, or town for economic development projects, for paying, notwithstanding any other law, under a written agreement all or a part of the interest owed by a private developer or user on a loan extended by a financial institution or other lender to the developer or user if the proceeds of the loan are or are to be used to finance an economic development project, for the retirement of bonds under section 14 of this chapter for economic development projects, for leases under section 21 of this chapter, or for leases or bonds entered into or issued prior to the date the economic development income tax was imposed if the purpose of the lease or bonds would have qualified as a purpose under this chapter at the time the lease was entered into or the bonds were issued.

(2) By a county, city, or town for:

(A) the construction or acquisition of, or remedial action with respect to, a capital project for which the unit is empowered to issue general obligation bonds or establish a fund under any statute listed in IC 6-1.1-18.5-9.8;

(B) the retirement of bonds issued under any provision of Indiana law for a capital project;

(C) the payment of lease rentals under any statute for a capital project;

(D) contract payments to a nonprofit corporation whose primary corporate purpose is to assist government in planning and implementing economic development projects;

(E) operating expenses of a governmental entity that plans or implements economic development projects;

(F) to the extent not otherwise allowed under this chapter, funding substance removal or remedial action in a designated unit; or

(G) funding of a revolving fund established under IC 5-1-14-14.

(3) By a county, city, or town for any lawful purpose for which money in any of its other funds may be used.

(c) As used in this section, an economic development project is any project that:

(1) the county, city, or town determines will:

- 1 (A) promote significant opportunities for the gainful employment
 2 of its citizens;
 3 (B) attract a major new business enterprise to the unit; or
 4 (C) retain or expand a significant business enterprise within the
 5 unit; and
 6 (2) involves an expenditure for:
 7 (A) the acquisition of land;
 8 (B) interests in land;
 9 (C) site improvements;
 10 (D) infrastructure improvements;
 11 (E) buildings;
 12 (F) structures;
 13 (G) rehabilitation, renovation, and enlargement of buildings and
 14 structures;
 15 (H) machinery;
 16 (I) equipment;
 17 (J) furnishings;
 18 (K) facilities;
 19 (L) administrative expenses associated with such a project,
 20 including contract payments authorized under subsection
 21 (b)(2)(D);
 22 (M) operating expenses authorized under subsection (b)(2)(E);
 23 or
 24 (N) to the extent not otherwise allowed under this chapter,
 25 substance removal or remedial action in a designated unit;
 26 or any combination of these.
 27 **(d) If there are bonds outstanding that have been issued under**
 28 **section 14 of this chapter or leases in effect under section 21 of this**
 29 **chapter, a county, city, or town may not expend money from its**
 30 **economic development income tax fund for a purpose authorized**
 31 **under subsection (b)(3) in a manner that would adversely affect**
 32 **owners of the outstanding bonds or payment of any lease rentals**
 33 **due.**
 (Reference is to ESB 100 as printed March 30, 2005.)

Conference Committee Report
on
Engrossed Senate Bill 100

Signed by:

Senator Long
Chairperson

Representative Espich

Senator Broden

Representative Crawford

Senate Conferees

House Conferees